

PROCEDURES FOR IMPLEMENTATION OF REGIONAL INITIAL 1% VEHICLE
REGISTRATION FEES IMPOSED PURSUANT TO HB 3202

OCTOBER 31, 2007

These procedures are published by the Department of Motor Vehicles to outline collection of the Initial 1% Vehicle Registration Fees imposed by the Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority. The Department of Motor Vehicles has worked with the Authorities and/or their representatives and other appropriate entities to develop these procedures. As necessary, additional guidelines, policies and procedures will be published and posted to the HB3202 website at www.hb3202.virginia.gov and DMV's website at www.dmv.virginia.gov.

Definitions: The following words and phrases when used in these procedures shall, for the purpose of the procedures, have the following meanings.

“DMV” means the Department of Motor Vehicles.

“Dealer” means “motor vehicle dealer” or “dealer” as defined in Va. Code §46.2-1500.

“Hampton Roads Transportation Authority” or “HRTA” means the political subdivision established pursuant to Va. Code § 33.1-391.7.

“HRTA Fund” means a separate fund maintained by DMV to deposit revenues collected by DMV on behalf of the Hampton Roads Transportation Authority.

“HRTA Initial 1% Vehicle Registration Fee” or “HRTA 1% Fee” means the initial value-based vehicle registration fee authorized and imposed by HRTA pursuant to Va. Code §46.2-755.2, on August 10, 2007, with an effective date of April 1, 2008.

“Locality embraced by the HRTA” or “HRTA locality” means any locality embraced by the Hampton Roads Transportation Authority pursuant to Va. Code § 33.1-391.7.

“Locality embraced by the NVTa” or “NVTa locality” means any locality embraced by the Northern Virginia Transportation Authority pursuant to Va. Code §15.2-4831.

“Northern Virginia Transportation Authority” or “NVTa” means the political subdivision established pursuant to Va. Code § 15.2-4830.

“NVTa Fund” means a separate fund maintained by DMV to deposit revenues collected by DMV on behalf of the Northern Virginia Transportation Authority.

“NVTa Initial 1% Vehicle Registration Fee” or “NVTa 1% Fee” means the initial value-based vehicle registration fee authorized and imposed by NVTa pursuant to Va. Code §46.2-755.2, and Resolution 01-08E, dated July 12, 2007, to be imposed effective January 1, 2008.

“Registration stop” means a DMV administrative action whereby DMV will make a notation on a vehicle record that indicates the registration of the vehicle shall not be reissued or renewed until the conditions warranting the stop have been satisfied and the stop has been removed.

“Sale price” means the total price paid for a motor vehicle and all attachments thereon and accessories thereto, as determined by the Commissioner, exclusive of any federal manufacturers’ excise tax, without any allowance or deduction for trade-ins, unpaid liens or encumbrances or prior rental or any other transaction of like nature. However, “sale price” shall not include the cost of controls, lifts, automatic transmission, power steering, power brakes or any other equipment, installed in or added to a motor vehicle which is required by law or regulation as a condition for operation of a motor vehicle by a handicapped person.

“State titling” means titling of a motor vehicle in the Commonwealth of Virginia pursuant to Title 46.2 of the *Code of Virginia*.

“State registration” means registration of a motor vehicle in the Commonwealth of Virginia pursuant to Title 46.2 of the *Code of Virginia*.

“State Registration Fee” means the fee imposed pursuant to Title 46.2, Chapter 6 of the *Code of Virginia* (Va. Code §§ 46.2-600 et. seq.) for the purpose of registering a vehicle in the Commonwealth of Virginia.

Authority:

Effective July 1, 2007, the Northern Virginia Transportation Authority was authorized by Va. Code §46.2-755.2 to charge an additional non-refundable initial, one-time, registration fee, based on 1% of the vehicle’s value, on any vehicle at the time it is first registered in a locality embraced by the Authority, if the vehicle is subject to state registration fees under Title 46.2. On July 12, 2007, the NVTa formally adopted Resolution 01-08E, imposing the fee authorized pursuant to Va. Code §46.2-755.2, with an effective date of January 1, 2008. Pursuant to Chapter 896 of the 2007 Acts of Assembly, the Authority, the cities and counties embraced by the Authority, the Commissioner of the Department of Taxation, the Commissioner of the Department of Motor Vehicles, and other appropriate entities have determined that the Department of Motor Vehicles and/or its agents or designees shall, on behalf of the Authority, collect and provide for enforcement of the NVTa 1% Fee.

Effective July 1, 2007, the Hampton Roads Transportation Authority was authorized by Va. Code §46.2-755.2 to charge an additional non-refundable initial, one-time, registration fee, based on 1% of the vehicle's value, on any vehicle at the time it is first registered in a locality embraced by the Authority, if the vehicle is subject to state registration fees under Title 46.2. On August 10, 2007, the HRTA formally adopted, by resolution of the voting members, the fee authorized pursuant to Va. Code §46.2-755.2, with an effective date of April 1, 2008. Pursuant to Chapter 896 of the 2007 Acts of Assembly, the Authority, the cities and counties embraced by the Authority, the Commissioner of the Department of Taxation, the Commissioner of the Department of Motor Vehicles, and other appropriate entities have determined that the Department of Motor Vehicles and/or its agents or designees shall, on behalf of the Authority, collect and provide for enforcement of the HRTA 1% Fee.

A. NVTa INITIAL 1% VEHICLE REGISTRATION FEE

Effective January 1, 2008 and thereafter, the NVTa Initial 1% Vehicle Registration Fee shall be assessed and collected in accord with the following provisions:

- 1. First-Time Registrations in Virginia:** For vehicles that will be garaged in an NVTa locality and are being registered in Virginia by the owner for the first time, the NVTa 1% Fee shall be remitted to DMV at the time application is made for state titling and registration. No application for state titling and/or registration will be accepted or processed by DMV unless the NVTa 1% Fee has been remitted along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration.
 - a. For vehicle sales conducted by motor vehicle dealers, if the vehicle will be garaged in an NVTa locality and the dealer submits the titling and registration transaction materials on behalf of its customer, the dealer must include the NVTa 1% Fee along with all other fees/taxes owed to the Commonwealth. If the customer submits the titling and registration materials to DMV, the customer must submit to DMV the NVTa 1% Fee along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration.
 - b. For vehicle sales conducted by entities other than motor vehicle dealers or other ownership transfers, the NVTa 1% Fee must be submitted at the time the application for Virginia titling and registration is submitted, along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration, if the vehicle will be garaged in an NVTa locality.
 - c. For vehicles that are being moved from out-of-state or out-of-country into Virginia, and must be titled and registered in Virginia, the NVTa 1% Fee must be submitted at the time the application for Virginia titling and

registration is submitted, along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration, if the vehicle will be garaged in an NVTALocality.

- d. Once the NVTALocality 1% Fee has been paid by the vehicle owner, DMV will update the vehicle record to indicate that the NVTALocality 1% Fee has been paid by that vehicle owner. DMV will notify the Authority monthly of payment that has been submitted or remitted.

2. Vehicles Currently Registered in Virginia: For vehicles previously registered in Virginia that, on or after January 1, 2008 are first moved by the owner into an NVTALocality, DMV will assess the NVTALocality 1% Fee.

- a. In the assessment process, DMV will make a notation on the vehicle record that the NVTALocality 1% Fee has been assessed. DMV or its agent, will issue a bill for the fee to the vehicle owner. If collection is outsourced, payment for any NVTALocality 1% Fee that is billed must be remitted to the vendor.
- b. Once the vehicle owner has remitted the NVTALocality 1% Fee to DMV or its agent, the vehicle's record will be updated to indicate that the fee has been paid by the vehicle owner.
- c. If any or all of the NVTALocality 1% Fee remains unpaid more than 30 days after issuance of a bill assessing the fee, DMV or its agent, will place a registration stop on the record of the vehicle assessed the fee, and DMV will thereafter refuse to renew or reissue the State registration for that vehicle until the stop has been removed from the vehicle record.
- d. For any registration stop placed on a vehicle pursuant to these procedures, the stop shall be removed from the vehicle record when the vehicle owner submits all unpaid sums due for the NVTALocality 1% Fee to DMV, or its agent if collection is outsourced, as well as a \$10 processing fee.

3. Applicable Vehicles:

- a. The NVTALocality 1% Fee shall apply to any vehicle when it is first garaged in a locality embraced by the NVTALocality if the vehicle is subject to a State Registration Fee under Title 46.2. However, the NVTALocality 1% Fee shall not be assessed for:
 1. any vehicle registered, prior to January 1, 2008, in a locality embraced by the NVTALocality, unless the ownership of the vehicle changes on or after January 1, 2008;
 2. vehicles registered under the International Registration Plan;

3. any vehicle for which the NVTA 1% Fee has been paid, unless ownership of the vehicle changes after the fee is paid; and
 4. any vehicle, if the sole basis for assessing the fee would be a change in ownership resulting from: (i) a gift to a spouse, son or daughter of the transferor; (ii) a transfer to a spouse, heir under a will, or heir at law by intestate succession as a result of the death of the vehicle owner; or (iii) the addition or removal of a spouse.
- b. In the event that a vehicle was purportedly registered, prior to January 1, 2008, in an NVTA locality, but no records regarding the vehicle can be found at DMV, DMV will assess the NVTA 1% Fee for subsequent registration of the vehicle by the owner, unless the owner provides documentary evidence, satisfactory to DMV, that the vehicle was last registered in the owner's name, prior to January 1, 2008, in an NVTA locality.
 - c. In the event that a vehicle owner purportedly paid the NVTA 1% Fee for a particular vehicle, but no records regarding payment can be found at DMV, DMV will assess the NVTA 1% Fee for subsequent registration of the vehicle by the owner in an NVTA locality, unless the owner provides documentary evidence, satisfactory to DMV, that the owner has previously paid the NVTA 1% fee for the same vehicle.
 - d. Other than the exemptions specified herein, the NVTA 1% Fee shall apply to any vehicle when it is first garaged or registered in an NVTA locality if the vehicle is subject to a State Registration Fee under Title 46.2, whether or not motor vehicle sales and use tax is owed by the vehicle owner for the transaction or vehicle pursuant to Chapter 24 of Title 58.1.
 - e. A vehicle will be deemed to have been registered in an NVTA locality before January 1, 2008, if a completed application for state titling and state registration, as well as all other applicable taxes and fees required by the Commonwealth for state titling and state registration, have been submitted to DMV, a DMV Select, or a motor vehicle dealer, prior to January 1, 2008.
- 4. Calculation of Fee:** The NVTA 1% Fee will be assessed at a rate of one percent of the value of the vehicle at the time the vehicle is first registered by the owner in an NVTA locality. For purposes of calculating the NVTA 1% Fee, DMV will use the same method for determining the value of the vehicle that is used, or would have been used if the vehicle or transaction had been subject to motor vehicle sales and use tax, to determine the value of the vehicle for purposes of calculating motor vehicle sales and use tax under Chapter 24 of Title 58.1. Set forth below

are the more common scenarios under which vehicle values will be determined for purposes of assessing the NVTa 1% Fee and descriptions of how vehicle value will be determined for each:

- a. In the case of a motor vehicle that is being registered for the first time by the new owner in an NVTa locality because of a purchase from a motor vehicle dealer, the value of the vehicle for purposes of determining the NVTa 1% Fee will be the vehicle's sale price, which shall be the same as the sale price used to calculate motor vehicle sales and use tax.
- b. In the case of a motor vehicle purchased from an entity that is not a motor vehicle dealer that is not new and is being registered for the first time by the new owner in an NVTa locality, the value of the vehicle for purposes of determining the NVTa 1% Fee will be the same value used to determine the motor vehicle sales and use tax for the transaction, which is generally the sales price reported to DMV by the applicant. However, DMV has and will exercise its authority to compare the sale price reported by the applicant to the trade-in value of the vehicle listed in a recognized pricing guide. If the reported sale price is less than the trade-in value of such vehicle by more than \$1500, DMV will require additional evidence of the sale price, including but not limited to an affidavit from the purchaser, stating the sale price and declaring such sale to be a bona fide transaction for full value. If such additional evidence is not provided, then the sale price for purposes of determining the NVTa 1% Fee shall be the vehicle's trade-in value.
- c. In the case of a motor vehicle that is not new and is being registered for the first time by the new owner in an NVTa locality because of a transfer of ownership by means other than a sale, the value of the vehicle for purposes of determining the NVTa 1% Fee will be the same value used by DMV to determine motor vehicle sales and use tax for the transaction. In such a case, DMV will determine the value of the vehicle using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.
- d. In the case of a motor vehicle that is being moved into and registered in an NVTa locality for the first time by an owner who currently owns the vehicle, whether the vehicle is being moved from outside or from within the Commonwealth, the value of the vehicle, for purposes of the NVTa 1% Fee, will be determined by DMV using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.
- e. In the case of a specialized motor vehicle, which includes but is not limited to a reconstructed, specially constructed, replica or antique vehicle, that is being registered for the first time by the vehicle owner in an NVTa

locality for any reason other than the reasons specified in paragraphs a and b above, the value of the vehicle for purposes of determining the NVTa 1% Fee will be determined using such evidence as DMV may require, which may include the trade-in value of the vehicle as specified in a recognized pricing guide. If the subject vehicle is not listed in such guide, then the vehicle owner shall provide DMV with other bona fide documentary evidence of the vehicle's value, which may include, but shall not be limited to, valuation of the vehicle by a local governmental entity whose official duties necessitate determination of vehicle values.

- f. If any transaction or vehicle owner is exempt from motor vehicle sales and use tax, but is still subject to the NVTa 1% Fee, DMV will use the same method for calculating the value of the vehicle as would be used in calculating motor vehicle sales and use tax had the transaction been subject to motor vehicle sales and use tax. In such a case, DMV will determine the value of the vehicle using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.
- g. Minimum fee: Notwithstanding anything to the contrary in these procedures, the minimum NVTa 1% Fee that will be assessed against any vehicle subject to the fee will be \$10.

B. HRTA INITIAL 1% VEHICLE REGISTRATION FEE

Effective April 1, 2008 and thereafter, the HRTA Initial 1% Vehicle Registration Fee shall be assessed and collected in accord with the following provisions:

1. **First-Time Registrations in Virginia:** For vehicles that will be garaged in an HRTA locality and are being registered in Virginia by the owner for the first time, the HRTA 1% Fee shall be remitted to DMV at the time application is made for state titling and registration. No application for state titling and/or registration will be accepted or processed by DMV unless the HRTA 1% Fee has been remitted along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration.
 - a. For vehicle sales conducted by motor vehicle dealers, if the vehicle will be garaged in an HRTA locality and the dealer submits the titling and registration transaction materials on behalf of its customer, the dealer must include the HRTA 1% Fee along with all other fees/taxes owed to the Commonwealth. If the customer submits the titling and registration materials to DMV, the customer must submit to DMV the HRTA 1% Fee along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration.

- b. For vehicle sales conducted by entities other than motor vehicle dealers or other ownership transfers, the HRTA 1% Fee must be submitted at the time the application for Virginia titling and registration is submitted, along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration, if the vehicle will be garaged in an HRTA locality.
- c. For vehicles that are being moved from out-of-state or out-of-country into Virginia, and must be titled and registered in Virginia, the HRTA 1% Fee must be submitted at the time the application for Virginia titling and registration is submitted, along with all other applicable fees and taxes required by the Commonwealth for state titling and state registration, if the vehicle will be garaged in an HRTA locality.
- d. Once the HRTA 1% Fee has been paid by the vehicle owner, DMV will update the vehicle record to indicate that the HRTA 1% Fee has been paid by that vehicle owner. DMV will notify the Authority monthly of payment that has been submitted or remitted.

2. Vehicles Currently Registered in Virginia: For vehicles previously registered in Virginia that, on or after April 1, 2008 are first moved by the owner into an HRTA locality, DMV will assess the HRTA 1% Fee.

- a. In the assessment process, DMV will make a notation on the vehicle record that the HRTA 1% Fee has been assessed. DMV or its agent, will issue a bill for the fee to the vehicle owner. If collection is outsourced, payment for any HRTA 1% Fee that is billed must be remitted to the vendor.
- b. Once the vehicle owner has remitted the HRTA 1% Fee to DMV or its agent, the vehicle's record will be updated to indicate that the fee has been paid by the vehicle owner.
- c. If any or all of the HRTA 1% Fee remains unpaid more than 30 days after issuance of a bill assessing the fee, DMV or its agent, will place a registration stop on the record of the vehicle assessed the fee, and DMV will thereafter refuse to renew or reissue the State registration for that vehicle until the stop has been removed from the vehicle record.
- d. For any registration stop placed on a vehicle pursuant to these procedures, the stop shall be removed from the vehicle record when the vehicle owner submits all unpaid sums due for the HRTA 1% Fee to DMV, or its agent if collection is outsourced, as well as a \$10 processing fee.

3. Applicable Vehicles:

- a. The HRTA 1% Fee shall apply to any vehicle when it is first garaged in a locality embraced by the HRTA if the vehicle is subject to a State Registration Fee under Title 46.2. However, the HRTA 1% Fee shall not be assessed for:
 1. any vehicle registered, prior to April 1, 2008, in a locality embraced by the HRTA, unless the ownership of the vehicle changes on or after April 1, 2008;
 2. vehicles registered under the International Registration Plan;
 3. any vehicle for which the HRTA 1% Fee has been paid, unless ownership of the vehicle changes after the fee is paid; and
 4. any vehicle, if the sole basis for assessing the fee would be a change in ownership resulting from: (i) a gift to a spouse, son or daughter of the transferor; (ii) a transfer to a spouse, heir under a will, or heir at law by intestate succession as a result of the death of the vehicle owner; or (iii) the addition or removal of a spouse.
- b. In the event that a vehicle was purportedly registered, prior to April 1, 2008, in an HRTA locality, but no records regarding the vehicle can be found at DMV, DMV will assess the HRTA 1% Fee for subsequent registration of the vehicle by the owner, unless the owner provides documentary evidence, satisfactory to DMV, that the vehicle was last registered in the owner's name, prior to April 1, 2008, in an HRTA locality.
- c. In the event that a vehicle owner purportedly paid the HRTA 1% Fee for a particular vehicle, but no records regarding payment can be found at DMV, DMV will assess the HRTA 1% Fee for subsequent registration of the vehicle by the owner in an HRTA locality, unless the owner provides documentary evidence, satisfactory to DMV, that the owner has previously paid the HRTA 1% fee for the same vehicle.
- d. Other than the exemptions specified herein, the HRTA 1% Fee shall apply to any vehicle when it is first garaged or registered in an HRTA locality if the vehicle is subject to a State Registration Fee under Title 46.2, whether or not motor vehicle sales and use tax is owed by the vehicle owner for the transaction or vehicle pursuant to Chapter 24 of Title 58.1.
- e. A vehicle will be deemed to have been registered in an HRTA locality before April 1, 2008, if a completed application for state titling and state registration, as well as all other applicable taxes and fees required by the Commonwealth for state titling and state registration, have been submitted to DMV, a DMV Select, or a motor vehicle dealer, prior to April 1, 2008.

- 4. Calculation of Fee:** The HRTA 1% Fee will be assessed at a rate of one percent of the value of the vehicle at the time the vehicle is first registered by the owner in an HRTA locality. For purposes of calculating the HRTA 1% Fee, DMV will use the same method for determining the value of the vehicle that is used, or would have been used if the vehicle or transaction had been subject to motor vehicle sales and use tax, to determine the value of the vehicle for purposes of calculating motor vehicle sales and use tax under Chapter 24 of Title 58.1. Set forth below are the more common scenarios under which vehicle values will be determined for purposes of assessing the HRTA 1% Fee and descriptions of how vehicle value will be determined for each:
- a. In the case of a motor vehicle that is being registered for the first time by the new owner in an HRTA locality because of a purchase from a motor vehicle dealer, the value of the vehicle for purposes of determining the HRTA 1% Fee will be the vehicle's sale price, which shall be the same as the sale price used to calculate motor vehicle sales and use tax.
 - b. In the case of a motor vehicle purchased from an entity that is not a motor vehicle dealer that is not new and is being registered for the first time by the new owner in an HRTA locality, the value of the vehicle for purposes of determining the HRTA 1% Fee will be the same value used to determine the motor vehicle sales and use tax for the transaction, which is generally the sales price reported to DMV by the applicant. However, DMV has and will exercise its authority to compare the sale price reported by the applicant to the trade-in value of the vehicle listed in a recognized pricing guide. If the reported sale price is less than the trade-in value of such vehicle by more than \$1500, DMV will require additional evidence of the sale price, including but not limited to an affidavit from the purchaser, stating the sale price and declaring such sale to be a bona fide transaction for full value. If such additional evidence is not provided, then the sale price for purposes of determining the HRTA 1% Fee shall be the vehicle's trade-in value.
 - c. In the case of a motor vehicle that is not new and is being registered for the first time by the new owner in an HRTA locality because of a transfer of ownership by means other than a sale, the value of the vehicle for purposes of determining the HRTA 1% Fee will be the same value used by DMV to determine motor vehicle sales and use tax for the transaction. In such a case, DMV will determine the value of the vehicle using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.
 - d. In the case of a motor vehicle that is being moved into and registered in an HRTA locality for the first time by an owner who currently owns the vehicle, whether the vehicle is being moved from outside or from within the Commonwealth, the value of the vehicle, for purposes of the HRTA

1% Fee, will be determined by DMV using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.

- e. In the case of a specialized motor vehicle, which includes but is not limited to a reconstructed, specially constructed, replica or antique vehicle, that is being registered for the first time by the vehicle owner in an HRTA locality for any reason other than the reasons specified in paragraphs a and b above, the value of the vehicle for purposes of determining the HRTA 1% Fee will be determined using such evidence as DMV may require, which may include the trade-in value of the vehicle as specified in a recognized pricing guide. If the subject vehicle is not listed in such guide, then the vehicle owner shall provide DMV with other bona fide documentary evidence of the vehicle's value, which may include, but shall not be limited to, valuation of the vehicle by a local governmental entity whose official duties necessitate determination of vehicle values.
- f. If any transaction or vehicle owner is exempt from motor vehicle sales and use tax, but is still subject to the HRTA 1% Fee, DMV will use the same method for calculating the value of the vehicle as would be used in calculating motor vehicle sales and use tax had the transaction been subject to motor vehicle sales and use tax. In such a case, DMV will determine the value of the vehicle using such evidence as the agency may require, which, in most cases, will be the trade-in value of the vehicle as listed in a recognized pricing guide.
- g. Minimum fee: Notwithstanding anything to the contrary in these procedures, the minimum HRTA 1% Fee that will be assessed against any vehicle subject to the fee will be \$10.

C. ALLOCATION OF FUNDS

The revenues from the NVTa and HRTA Regional 1% Fees will be collected by DMV and deposited into the NVTa Fund and HRTA Fund, respectively. The monies in each of the Funds shall be used first to pay DMV for its direct costs of administering the Regional 1% Fees, and then shall be allocated and distributed on a monthly basis to the respective Authorities, as appropriate. DMV or its agent shall collect and provide to the NVTa and HRTA information on revenue collection from each locality that will allow the NVTa and HRTA to allocate and distribute funds pursuant to §15.2-4838.1 and §33.1-391.15, respectively.

Any corrections for errors made in any distribution, or adjustments that are otherwise necessary, will be made in the distribution for the next month or for subsequent months. Any funds remaining in the Funds at the end of the biennium will not revert to DMV's

special fund or the Commonwealth's General Fund, but will remain in the Funds for future distribution to the NVTa and HRTA.